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ATTN PARIS FOR JACK MARESCA

E.O. 11652: N/A

TAGS: SOPN, XC, US

SUBJECT: JULY 17 EA PRESS SUMMARY

1. KOREA

FOUR CONGRESSMEN CHARGED W/ALLEGED MISCONDUCT IN
SKOREAN INFLUENCE-BUYING SCANDAL HAVE VOWED FIGHT
CHARGES/INSIST THEY EVENTUALLY WILL BE VINDICATED.
ALL FOUR SAY THEY WILL PROVE ALLEGATIONS UNWARRANTED.
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HOWEVER, IT REMAINS IN DOUBT WHETHER ANY OF 4 WILL
BE REQUIRED TESTIFY PUBLICLY ABOUT THEIR ASSOCIATION
W/TONGSUN PARK, AS THEY WILL BE ALLOWED CLOSED
HEARING ON MATTER UPON REQUEST (SARRO, WSTAR/JACKSON,
LAT - BOTH 7/14).

WILLOUGHBY (WSTAR 7/15) DOES FEATURE ON REV ALOYSIUS

SCHWARTZ/ORDER OF NUNS HE ESTABLISHED IN SEOUL/PUSAN.
OFFERS HIGH PRAISE FOR HELP THEY HAVE GIVEN SOME
3,500 SKOREAN ORPHANS/STREET CHILDREN.

2. PHILIPPINES

JOC'S LORENZ (KL) CITES "INFORMED SOURCES" IN MANILA
WHO SAY COMING OFFSHORE OIL RESOURCES IN S PHILS

HAVE TRIGGERED RECENT PRONOUNCMENTS IN MANILA THAT
GOP WILL SOON CUT ITS FON DEBT IN HALF. MARCOS HAS
ALREADY AFFIRMED THAT SOME 40,000 BBL PERDAY WILL BE
PRODUCED BY PALAWAN FIELDS NEXT YEAR/CONFIRMED THAT
PHILS LIES ON ASIAN OIL BELT WHICH ALREADY SERVES
MALAYSIA/INDONESIA. MARCOS ALSO EXPRESSED HOPE
PHILS WOULD BE DRAWING 50 PCT ITS POWER NEEDS FROM
DOMESTIC SOURCES W/IN 10 YRS.

3. TRADE/JAPAN

SCOTT-STOKES (NYT SHIMIZU) DOES STORY ON JAPAN'S
CITRUS FARMERS/HOW GOJ "PREPARED VIRTUALLY TO WRECK"
TOKYO ROUND TRADE TALKS IN ORDER SAVE THESE FARMERS.
NOTES TOP-LEVEL JAPANESE OFFICIALS HAVE RECENTLY
REITERATED STAND THAT JAPAN "CANNOT BEND AN INCH" TO
MEET US DEMAND FOR GREATER IMPORTS AMERICAN CITRUS
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PRODUCTS, YET TRADE REP STRAUSS INSISTS SUCH IMPORTS
NEEDED IN ORDER "SELL" CONGRESS TOKYO ROUND PACKAGE.
JAPANESE INSIST ANY FURTHER IMPORTS WOULD END ITS
CITRUS INDUSTRY ALTOGETHER.

IN STORY ON HOW IMPORTS/EXPORTS AFFECT EVERYDAY
LIFE, WP'S DEWAR MENTIONS INCREASING "PARANOIA"
AMONG SOME HISTORICALLY FREE-TRADE INDUSTRIES--LIKE
COMPUTER MFRS--WHO SEE JAPAN "JUST AROUND THE CORNER."
FOCUSES ON GENEVA TRADE TALKS, NOTING THEIR PRIMARY
PURPOSE IS REDUCE WORLDWIDE BARRIERS TO IMPORTS/EXPORTS--
INCL NONTARIFF BARRIERS SO PREVALENT IN JAPAN. ALSO
NOTES AGRIC IMPORTS HAVE BEEN MAIN STUMBLING BLOCK
IN TALKS, W/STRAUSS WARNING THAT THERE CAN BE NO
OVERALL TRADE AGREEMENT UNLESS JAPAN/EUR OPEN THEIR
DOORS TO MORE US FARM PRODUCTS.

4. ECON SUMMIT/JAPAN

NYT'S LEWIS (BONN) REPORTS PRES CARTER HAS REAFFIRMED
HIS COMMITMENT TO CUT US DEPENDENCE ON IMPORTED
OIL/STRENGTHEN DOLLAR; PLEDGE IN RESPONSE TO FRG/JAPAN

PROMISES TO STIMULATE THEIR ECONS. JAPANESE SOURCES REPORT FUKUDA/SCHMIDT AGREED AT PRIVATE MEETING THAT US OUGHT DO MORE ITSELF TO STRENGTHEN DOLLAR/CUT OIL IMPORTS/FIGHT INFLATION, INSTEAD OF ASKING OTHER COUNTRIES SHOULDER ITS BURDEN BY BUYING MORE US EXPORTS. SCHMIDT ALSO REPORTEDLY ASSURED FUKUDA NEW EUR PLAN--AIMED AT EVENTUAL EUR MONETARY UNIFICATION--WOULD NOT BE AIMED AGAINST DOLLAR OR YEN.

AT CONCLUSION 7/16 OPENING SESSION, TREAS SEC BLUMENTHAL

SAID SUMMIT ON ROAD TO "SUBSTANTIAL RESULT," BUT DID NOT GO INTO DETAILS. UNDER QUESTIONING, SEC SAID FRG/JAPAN "PREPARED, IF NECESSARY, TO TAKE SUBSTANTIAL UNCLASSIFIED

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MEASURES" STIMULATE THEIR ECONS. ADDED PRES CARTER INDICATED HE FELT IT IMPORTANT THAT THESE COUNTRIES DO "MAXIMUM POSSIBLE" TO MAINTAIN STRONG, NON-INFLATIONARY GROWTHS/THAT CARTER RECEIVED ASSURANCES ON THIS POINT (LEVINE/JANSSEN, WSJ BONN).

5. JAPAN

ACCORDING "YOMIURI" POLL, PUBLIC SUPPORT FOR FUKUDA/CABINET HAS DECLINED TO RECORD LOW 19.1 PCT (REUTER, NYT 7/16).

TOYOTA'S JUNE OUTPUT UP 15 PCT OVER LAST YR/NISSAN PRODUCTION UP 4.6 PCT OVER SAME PERIOD (WSJ). ALSO, NISSAN/HONDA HAVE ANNOUNCED PRICES OF THEIR CARS SOLD IN US WILL RISE 200 DOLS OR SO AS PART NEW ROUND PRICE INCREASES ON JAPANESE AUTOS TRIGGERED BY DETERIORATING VALUE DOLLAR AGAINST YEN (WSJ).

KOSNETT (SUN 7/16) REPORTS JAPANESE/EUR ORDERS FOR US COAL ON DECLINE, W/JAPAN BLAMING COAL GLUT ON USG POLICIES AGAINST IMPORTED STEEL. SAYS W/TRIGGER PRICE SYSTEM IN EFFECT, JAPANESE MILLS STUCK W/MILLIONS TONS COAL FROM AUSTRALIA/US/CANADA/S AFR/USSR. STATES COAL INDUSTRY OFFICIALS IN US FORESEE 3 LEAN YEARS IN ITS INTL SEGMENT, W/EXPORT MARKET "STAGNANT AT BEST" THRU 1981.

JAPANESE EXPECTED REDUCE SHIPBUILDING CAPACITY BY 35 PCT OVER NEXT YEAR THRU SCRAPPING/MOTHBALLING OF PRODUCTION FACILITIES. NO SIGNIFICANT OPPOSITION TO PROPOSAL--MADE BY TRANSPORT MINISTRY ADVISORY BOARD--BELIEVED IN EITHER MINISTRY OR SHIPPING INDUSTRY UNCLASSIFIED

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ITSELF (CULLISON, JOC TOKYO).

REUTER (OSAKA 7/14) REPORTS SEVERAL HUNDRED JAPANESE RIOT POLICE STILL ON ALERT FOR POSSIBLE RETALIATORY ATTACKS CONNECTED W/ATTEMPTED ASSASSINATION KAZUO TAOKA-REPORTEDLY HEAD OF JAPAN'S LARGEST CRIME SYNDICATE.

6. JAPAN/CHINA

JOC (7/14) REPORTS CONTINUING PROGRESS BETW JAPAN-PRC FOR JOINT DEVELOPMENT OIL/GAS BENEATH CONTINENTAL SHELF BETW PRC MAINLAND/RYUKYU ISLANDS IN E CHINA

SEA. CITES EXPLORATION TALKS NOW UNDERWAY BETW JAPAN-PRC, THO AGREEMENT COMPLICATED BY CONFLICTING UNDERSEA BOUNDARY CLAIMS WHICH ALSO INVOLVE ROC/SK/VN/PHILS/NK.

IN SWEEPING MOVE TO LOWER TRADE BARRIERS, GROC HAS ANNOUNCED PLANS ABOLISH IMPORT RESTRICTIONS ON 1,146 INDUSTRIAL/CONSUMER/AGRIC PRODUCTS. COMING ON HEELS OF TAIWAN'S 5.26 PCT BOOST LAST WK IN VALUE OF ITS CURRENCY AIMED AGAINST US DOLLAR, MOVE SEEN EFFORT ENCOURAGE IMPORTS TO TRIM TAIWAN'S GROWING TRADE SURPLUS. WSJ ITEM QUOTES ROC ECONOMISTS THAT LIFTING OF RESTRICTIONS IS EXPECTED CHIEFLY TO SPUR IMPORTS FROM JAPAN.

7. CHINA

AT 7/14 NEWS BRIEFING, PRES CARTER'S SCIENCE ADVISER, FRANK PRESS, DESCRIBED 5 DAYS' TALKS IN PEKING AS "FRIENDLY, SERIOUS, AND CONSTRUCTIVE." PRESS HELD OUT PROSPECT OF BROAD SINO-US SCIENTIFIC/TECHNICAL CO-OP AS PRELUDE TO GREATLY EXPANDED COMMERCE; SAID CHINESE, THEIR SCIENCE BADLY RETARDED BY GPCR, NOW READY FORGE AHEAD IN BOTH

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BASIC/APPLIED RESEARCH, AND EAGER FOR WESTERN HELP IN FORM OF STUDENT EXCHANGES/SEMINARS/CO-OP RESEARCH/ETC. PRESS SAID HIS MISSION REPRESENTED BEGINING OF SERIOUS CO-OP W/CHINESE IN FUTURE; TOOK PAINS TO DISPEL SUGGESTIONS HIS VISIT WAS PART OF US EFFORT TO PLAY OFF CHINESE AGAINST SOVIETS; SAID US COULD LEARN FROM CHINESE ACCOMPLISHMENTS IN PEST CONTROL/AGRIC.

NYT'S REINHOLD SAYS HIGH ADMIN OFFICIALS KNOWN TO BELIEVE THAT BROAD SINO-US SCI/TECH CO-OP AS PRELUDE TO GREATLY EXPANDED COMMERCE CAN BEGIN EVEN BEFORE DIPLO RELS ESTABLISHED. WP'S O'TOOLE QUOTES PRESS THAT JOINT RESEARCH PROJECTS WILL NOT GET UNDERWAY UNTIL DIPLO RELS NORMALIZED SINCE TO HAVE SIGNED AGREEMENT BEFORE NORMALIZATION IS UNREALISTIC; BUT ON OTHER HAND, PRESS SAID, CO-OP PROJECTS LIKE STUDENT EXCHANGES "CAN SURELY BE WORKED OUT BEFORE NORMALIZATION."

8. THAILAND/CAMBODIA

THAILAND/CAMBODIA AGREED IN PRINCIPLE SUN TO TRY END INCIDENTS ALONG THEIR BORDER/EXCHANGE AMBS, ACCORDING THAI FONMIN UPPADIT. BRIEFING REPORTERS AFTER 2 SESSIONS OF TALKS W/VISITING CAMBODIAN DEP PM, IENG SARY, UPPADIT SAID THEY "FOUND MEASURES ON BOTH SIDES TO BRING PEACE TO THE BORDER," BUT GAVE NO DETAILS OF HOW THEY WOULD END BLOODSHED. SARY, WHO ENDS 4-DAY VISIT MON, SAID BORDER

FIGHTING WAS RESULT OF "MISUNDERSTANDING" (REUTER 7/16 AND AP--BOTH NYT BANGKOK; CSM; WSJ).

NYT'S KAMM (BANGKOK 7/15) SAYS MUCH-DELAYED VISIT WAS BROUGHT ABOUT THRU CHINESE MEDIATION. SAYS THAIS HAD BEEN UNCLASSIFIED

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PRESSING FOR MTG SINCE UPPADIT VISITED PP IN JAN, BUT IT CAME ABOUT DUE TO INTERVENTION PRC DEP PM TENG, WHO SUMMONED CHATICHAI CHUNAWAN TO HIS OFFICE WHEN HE WAS IN PEKING W/THAI-CHINESE FRIENDSHIP ASSOC/EXPRESSED URGENT WISH THAT THAILAND AND CAMBODIA SETTLE THEIR DIFFERENCES/ SUGGESTED CHATICHAI MEET W/SARY WHO WAS ALSO IN PEKING AT THAT TIME/THEN SET UP MTG BETWN 2. KAMM SAYS THIS RAPID SEQUENCE OF EVENTS IS INDICATIVE OF CHINA'S EAGERNESS STABILIZE BORDER SITUATION/OF WEIGHT OF PEKING'S INFLUENCE OVER PP. SAYS DIPLOS CONSIDER IT ALSO MEASURE OF PRC'S DESIRE ISOLATE VN.

9. INDONESIA

IN LONG ARTICLE ON RESIGNATION OF FORD MOTOR CO PRES IACOCCA, NYT SPEC (7/15) MENTIONS THAT BOARD MEMBERS HELD MTGS 7/12-13 TO DISCUSS SHAKEUP/LOOK INTO BONUS PAYMENT TO FORMER EXEC VP PAUL LORENZ. TIMES QUOTES OUTSIDE FORD DIR JOE CULLMAN THAT HE WAS SATISFIED THERE WAS NO IMPROPRIETY IN PAYMENT OF BONUS TO LORENZ FOLLOWING HIS RETIREMENT. ANOTHER OUTSIDE BOARD MEMBER, HOWEVER, SAID AUDIT CMTE INTENDS PURSUE WHOLE INDO AFFAIR.

RICHARD RASMUSSEN, JOURNALIST W/"SURFING MAG," WENT ON TRIAL IN BALI 7/13 FOR ILLEGAL POSSESSION HEROIN/MARIJUANA. HE DENIED CHARGES, SAYING SOMEONE PLANTED DRUGS IN HIS HOTEL ROOM (REUTER JAKARTA 7/14).

10. VIETNAM

FRANK SIEVERTS, REPRESENTING DOS AT ANNUAL MTG NATL LEAGUE OF FAMILIES OF AMER PRISONERS/MISSING IN SEASIA, SAID DOS WILL INVESTIGATE VIET BUSINESSMAN'S CLAIM THAT HE SAW 49 AMCITS IN VIET JAILS AFTER 5/75 (WP).

CSM'S BROWNING (PARIS) OBSERVES THAT VIETS, FACING GROWING UNCLASSIFIED

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TENSIONS W/PRC/ECON TROUBLES AT HOME, HAVE BEGUN PUSHING FOR REOPENING NORMALIZATION TALKS W/US. US RESPONSE, HE SAYS, HAS BEEN "COMBINATION OF SKEPTICISM AND UNINTEREST." NOTES DOS HAS SAID HIGHLY PUBLICIZED STATEMENTS FROM VIET VICE FONMIN CONTAIN NOTHING NEW, THAT THERE ARE NO INDICATIONS PREPARATIONS BEING MADE FOR ANOTHER ROUND OF TALKS, THAT EVEN IF MTG WERE TO BE HELD, THERE IS UNLIKELY BE ANY CHANGE IN US POSITION UNTIL AFTER NOV ELECTIONS.

11. VIETNAM/CHINA

IN CLOSING DOWN BORDER W/SRV, PRC "IS SERVING NOTICE ON THE VIETNAMESE THAT IF THEY WANT TO GET RID OF THEIR ETHNIC CHINESE, IT'S GOING TO HAVE TO BE BY SEA, ON TERMS AGREEABLE TO PEKING," LAT'S MATHEWS (HK 7/14) QUOTES EUR DIPLO. CALLS BORDER CLOSING "LAST-DITCH EFFORT" TO MOBILIZE LONG-STALLED SEALIFT. SAYS BECAUSE OF FANFARE SURROUNDING LAUNCHING OF CHINESE SHIPS, THEIR INABILITY DOCK IN VN HAS UNDERLINED CHINA'S LACK OF INFLUENCE W/SRV/ EMBARRASSED PEKING LEADERSHIP. SAYS CONFLICT OVER WHO CHOSSES WHICH REFUGEES TO BE EVACUATED SO FUNDAMENTAL THAT MANY INDOCHINA WATCHERS BELIEVE EVAC WILL NEVER TAKE PLACE.

12. VIETNAM/CINA/CAMBODIA

"NHAN DAN" SAT ACCUSED CAMBODIAN LEADERS OF "DIRECTLY DIPPING THEIR HANDS IN THE BLOOD OF THE CAMBODIAN AND VIETNAMESE PEOPLE"--BUT SAID PRC "MAIN CULPRITS," WHOSE RULERS "RUNNING DOWN THE ROAD OF EXPANSIONISM." NEWSPAPER DESCRIBED CAMBODIA AS "HELL ON EARTH"/"CONCENTRATION CAMP" WHERE WHOLE CITIES DESTROYED/FAMILIES SEPARATED/PEOPLE MURDERED (AP BANGKOK, NYT 7/16).

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13. GENERAL

INTL TIN COUNCIL RAISES TIN SUPPORT PRICES DESPITE OPPOSITION FROM US, BUT AGREES KEEP NEW LEVELS FROZEN FOR YR. NO MENTION OF PROPOSED FREEZE IN SUPPORT PRICES MADE IN ITC'S FINAL COMMUNIQUE; BUT DELS SAID AGREEMENT REACHED AFTER 12.5 PCT RISE IN MINIMUM GUARANTEED PRICE APPROVED.

COMMENT AND ANALYSIS

14. MICRONESIA

WP'S CHAPMAN (PALAU) REPORTS PALAU POLITICIANS SCOFF AT IDEA OF MICRONESIAN UNITY. QUOTES ROMAN TMETUCHL--PALAU'S MOST PROMINENT POLITICIAN--THAT WOULD MAKE MORE SENSE TRY UNIFY CANADA/US/MEXICO THAN MICRONESIA. ACCORDING TMETUCHL, "SEPARATION WOULD DESTROY US' LONG-HELD GOAL FOR UNITY IN MICRONESIA/MAY BRING PALAU INTO SAME ARRANGEMENT W/US AS MARIANAS NOW HOLDS. PALAU'S LEADERS SAY US HAS ALREADY INDICATED WILLINGNESS DISCUSS SEPARATE NEGOTIATION IF UNITY REFERENDUM FAILS IN PALAU, BUT, ACCORDING UN MANDATE, OFFICIAL US POLICY IS STILL TO SUPPORT MICRONESIAN UNITY. OPINES TMETUCHL, "NOW I DON'T THINK EVEN THE AMERICAN GOVERNMENT KNOWS WHAT IT WANTS."

15. KOREA

ON ETHICS CMTE CHARGES AGAINST 4 SITTING HOUSE MEMBERS W/REGARD TO INVOLVEMENT SKOREAN INFLUENCE-BUYING PROBE OF LAST 18 MONTHS, NYT EDIT (7/16) ASKS, "IS THAT ALL THERE IS?" FEARS CONGRESS RELUCTANT PURSUE INVESTIGATION BECAUSE IT WOULD ONLY FOCUS ATTENTION ON ARRANGEMENTS BY WHICH SENS/REPS LEGALLY CHANNEL "CONTRIBUTIONS OF GRATITUDE FROM BENEFICIARIES OF LEGISLATION" INTO CAMPAIGN COFFERS. STATES DEM ADMIN/DEM CONGRESSIONAL LEADERSHIP JOINTLY RESPONSIBLE FOR BRINGING KIM DONG JO BACK TO TESTIFY. FURTHER, SAYS UNCLASSIFIED

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O'NEILL/BRADEMAS HAVE OBLIGATION STEER HOUSE TOWARD GIVING PUBLIC COHERENT ACCOUNT "OF WHAT THEY HAVE LEARNED FROM THIS SCANDAL."

16. ECON SUMMIT

SUN EDIT (7/16) CHASTISES PRES CARTER AS "POLITICIAN

OF LIMITED AND UNCERTAIN TALENTS" WHOSE POWER DERIVES FAR MORE FROM HIS OFFICE THAN ANY PERSONAL QUALITIES. NOTES SUMMIT PARTICIPANTS GIVE CARTER DEFERENCE "GRUDGINGLY," AND ONLY BECAUSE HE IS US PRES. CITES FRG/JAPAN COMMENTS DURING WK BEFORE SUMMIT WHICH CUT US ON OIL CONSUMPTION/ POOR DOL PERFORMANCE. OPINES BONN'S COMMUNIQUE WRITERS MUST NOW BE "ESPECIALLY ARTFUL" TO CLOSE SUMMIT ON UPBEAT NOTE.

LAT EDIT (7/13) FORESEES LITTLE MORE THAN DISAPPOINTMENT RESULTING FROM BONN MTG. SAYS PRES CARTER "EMASCULATED" BY CONGRESS' "DISGRACEFUL" FAILURE ENACT ENERGY LEGISLATION, AND BECAUSE OF THIS, HE'S IN NO CREDIBLE POSITION PROMISE ANY MEANINGFUL ACTION ON OIL IMPORTS/DOL. IN TURN, CARTER WILL ALSO BE UNABLE DEMAND SPECIFIC COMMITMENTS FROM FRG/JAPAN. CONCLUDES THAT "PREDICTABLY," FINAL COMMUNIQUE "WILL PROCLAIM THE SUMMIT A SUCCESS GENERALLY."

17. JAPAN

NYT'S MALCOLM (TOKYO) INTERVIEWS/PROFILES MANSFIELD. AFTER 1 YR AS AMB, FINDS HIM AT EASE, NOT MISSING WASHINGTON/CONGRESS. MALCOLM TERMS MANSFIELD 1 OF "MOST INFLUENTIAL AND EFFECTIVE POSTWAR AMERICAN REPRESENTATIVES" IN TOKYO. ON US/JAPAN RELS, MANSFIELD REMARKS MANY IN US FEEL FUKUDA "JUST HAS TO PRESS A BUTTON" AND HE GETS THINGS UNCLASSIFIED

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DONE, BUT SAYS THIS NOT TRUE PICTURE OF JAPANESE SYSTEM. AMB CONCEDES JAPAN WILL BE UNABLE LOWER TRADE SURPLUS TO 6 BIL DOLS THIS YR, BUT SAYS FUKUDA MOST SERIOUS ABOUT REACHING 7 PCT GROWTH. MANSFIELD ALSO MAINTAINS JAPAN HAS BEEN FAR MORE ACCOMMODATING/COOPERATIVE W/US ON TRADE/OTHER

ISSUES THAN HAS FRG. REITERATED OPINION THAT ADMIN PAYS TOO MUCH ATTENTION TO EUR/TERMS ASIA "AREA OF THE FUTURE."

MIT ECON PROFS ADELMAN/JACOBY WRITE NYT, SAY US REFUSAL EXPORT ALASKAN OIL TO JAPAN IS "DEADWEIGHT LOSS." CITE POL DAMAGE AS WELL AS ECON DAMAGE SHOULD US CONTINUE REFUSE EXPORT ITS OIL. ASK HOW USG CAN ASK ALLIES--LIKE JAPAN--REFRAIN FROM BUILDING NUKE PLANTS IF WE WILL NOT SHARE OUR OIL? DISMISS NOTION OF LOOMING "GAP" BETWEEN WORLD OIL SUPPLY/DEMAND--WHICH THEY SAY HAS UNNECESSARILY PREOCCUPIED US FROM LOOKING AT REAL PROBLEM, AND US REFUSAL EXPORT MERELY INFLAMES OTHER NATIONS' FEARS OF THIS MYTHICAL "GAP."

IN NYT MAG FEATURE (7/16), RATTNER PROFILES TRADE REP STRAUSS. CITES PARTICULARLY STRAUSS' POLITICIAN'S ACUMEN/

HOW HE HAS ASSUMED ROLE OF CARTER ADMIN'S "ELDER STATES-MAN." IN NEGOTS, RATTNER FINDS STRAUSS ALWAYS SEEMS TO GET WHAT HE WANTS. AT SAME TIME, NOTES STRAUSS KIND OF MAN WHO COULD THROW AN ARM AROUND JAPAN'S CHIEF TRADE NEGOTIATOR AND SAY, "BROTHER USHIBA, YOU'RE AS CRAZY AS HELL!"

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18. VIETNAM

IN SPITE OF WOODCOCK COMMISSION'S REPORT OF MIAS/HOUSE SELECT CMTE'S OWN INVESTIGATION/REPORTS FROM DOD, JACK ANDERSON (WP 7/16) SAYS WHISPERED REPORTS CONTINUE DRIFT OUT OF VN THAT SOME OF 697 MIAS ARE STILL ALIVE. SAYS REPORTS BROUGHT OUT BY REFUGEES, THO DOS' SIEVERTS HAS UNCLASSIFIED

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DISMISSED MOST OF THEM AS INACCURATE. QUOTES FORMER DEP ASST SECY SHIELDS THAT VIETS "SOLD US A BILL OF GOODS" AND SIEVERTS THAT "OF COURSE, THERE IS THE POSSIBILITY OF COLLUSION BY VIETNAM. WE ARE ULTIMATELY AT THEIR MERCY." ANDERSON CONTENDS NOT ALL REFUGEE REPORTS APPEAR CONTRIVED TO IMPRESS US AUTHORITIES, THAT MANY "APPEAR HAUNTINGLY LEGITIMATE." OBSERVES DOD MAY BE OVEREAGER CLOSE FILES ON MIAS, BUT SHOULD NOT CLOSE PREMATURELY WHEN NOT ALL REPORTS YET ANALYZED.

19. CHINA

REPORTING ON CODEL 10-DAY PRC TRIP, REP WOLFF (D-NY) TOLD 7/15 HK NEWS CONF HIS GROUP WAS TOLD BY TOP CHINESE OFFICIALS (REP GUYER, R-O, IDENTIFIED TENG AS SOURCE) THAT PRC IS WILLING NEGOTIATE DIRECTLY W/ROC OVER TAIWAN'S FUTURE. WOLFF SAID PEKING OFFICIALS REMINDED CODEL THAT CCP/KMT HAD COOPERATED BEFORE--DURING CAMPAIGN TO DEFEAT

LOCAL WARLORDS AND UNIFY COUNTRY IN EARLY '20S AND DURING WAR AGAINST JAPAN IN '30S/'40S. REP DE LA GARZA (D-TEX) SAID "YOU CANNOT RULE OUT" POSSIBILITY OF DIRECT PRC/ROC OFFICIAL CONTACTS. WOLFF EMPHASIZED, HOWEVER, THAT CHINESE ALSO MADE "STRONG STATEMENT" THAT DID NOT RULE OUT USE OF FORCE IN LIBERATING TAIWAN/SHOWED NO SIGN OF RETREATING FROM THEIR 3 DEMANDS RE NORMALIZATION W/US. ACCORDING WOLFF, CONCILIATORY STATEMENTS WERE "VOLUNTERED BY THE PEOPLE WE SPOKE TO--AT SEVERAL POINTS IN OUR DISCUSSIONS." SAID HE DID NOT HEAR LECTURES ABOUT KMT MASSACRES OF CCP MEMBERS/"BLOOD DEBITS"; INSTEAD, SAID HE SENSED "NEW REALISM" IN TERMS OF EMERGING PRC EMPHASIS ON SEEKING WAYS SETTLE TAIWAN QUESTION ON BILAT BASIS, BETWN CHINESE THEMSELVES, IN WAYS ACCEPTABLE TO PARTIES

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INVOLVED. REP RANGEL (D-NY) OBSERVED THAT PRC OFFICIALS
CODEL SPOKE TO "WERE HARDER ON THE GANG OF FOUR THAN ON THE
PEOPLE ON TAIWAN." WOLFF SAID PEKING OFFICIALS SAID
FURTHER US WAR PLANE SALES TO ROC WOULD INTERFERE W/NEGOTS
OVER TAIWAN ISSUE, BUT CHINESE DID NOT MENTION SALES TO ROC
BY OTHER COUNTRIES; AND CHINESE EXPRESSED DOUBT THAT TAIPEI
WOULD EVER GO TO SOVIETS FOR HELP IF US SEVERED RELS
(WP 7/16). CHRISTOPHER

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